No. 16-712

In The Supreme Court of the United States

OIL STATES ENERGY SERVICES, LLC,

Petitioner,

v.

GREENE'S ENERGY GROUP, LLC, et al.,

Respondents.

On Writ Of Certiorari To The United States Court Of Appeals For The Federal Circuit

REPLY BRIEF FOR PETITIONER

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REPLY BRIEF FOR PETITIONER

ARGUMENT

Article III cannot play its crucial role in "preserv[ing] the integrity of judicial decisionmaking if the other branches of the Federal Government could confer the government's 'judicial Power' on entities outside Article III." *Stern* v. *Marshall*, 564 U.S. 462, 484 (2011). That is why this Court presumes that disputes must be adjudicated in Article III courts. *Id.* at 499. *Inter partes* review proves the point. As Greene's recognized in its BIO (at 20) but now attempts to disavow, IPR is an adversarial, "litigation-like" proceeding. It hears and determines a cause between private parties culminating in a preclusive, enforceable judgment only reviewable by an ordinary appeal to the Federal Circuit. This is the exercise of the Judicial power—but without the Article III safeguards of life tenure and salary protection.

These guarantees protect not only the rights of individual litigants, but also the integrity of the judicial process. IPR demonstrates why those safeguards are critical to protecting both individual rights and judicial integrity. IPR requires litigants to submit to a tribunal comprising Executive employees directed by an Executive officer who selects judges and alters panels to reach the officer's preferred results in specific cases—a practice the government shockingly endorses (at 26-27). Article III's guarantees ensure that federal judges in federal courts—immune from the obligation to "curry[] favor with * * * the Executive," *Stern*, 564

U.S. at 484—are not so easily influenced. Further, IPR proceeds without the parties' consent or meaningful Article III supervision. The "cases in which this Court has found a violation of a litigant's right to an Article III decisionmaker have involved an objecting defendant forced to litigate involuntarily before a non-Article III court." *Wellness Int'l Network* v. *Sharif*, 135 S. Ct. 1932, 1947 (2015). This is such a case.

Accepting respondents' view that IPR does not offend Article III (or the Seventh Amendment) would require not only radically extending but also outright overruling this Court's precedent. Respondents' primary contention is that patents' statutory origin removes them from Article III's protections entirely—what Congress giveth, according to respondents, Congress can taketh away on whatever terms it pleases. That breathtaking assertion would require overruling *Granfinanciera, S.A.* v. *Nordberg*, 492 U.S. 33, 53 (1989), which held that litigants pressing federal fraudulent conveyance claims—which also arise by statute—are entitled to Article III courts and Seventh Amendment juries. It would directly contradict this Court's admonition that "[t]he Constitution assigns * * * 'matters of common law and statute' * * * to the Judiciary," *Stern*, 564 U.S. at 484, and conflict with this Court's decision that the validity of an issued patent is not affected by the repeal of the statute under which the patent was originally issued. *McClurg* v. *Kingsland*, 1 How. 202, 203 (1843). It would mean that patents are protected as property under the Takings and Due Process Clauses, *Horne* v. *Dep't of Agric.*, 135

S. Ct. 2419, 2427 (2015); *Fla. Prepaid Postsecondary Educ. Expense Bd.* v. *Coll. Sav. Bank*, 527 U.S. 627, 642 (1999), yet not under Article III. And at bottom, it would mean that Congress could oust Article III courts from their jurisdiction wherever any statutory right is concerned.

It would also transform the limited exception for "public rights" cases into the rule—turning *Granfinanciera*'s presumption in favor of Article III courts upside down. If Congress can withdraw matters from Article III cognizance merely by federal statute, this Court could simply have pointed to OSHA in *Atlas Roofing* or to FIFRA in *Union Carbide* and been done with it—there would have been no need for this Court's analysis of whether public rights were, in fact, at stake. And the implications of respondents' theory that a federal statute is a proxy for public rights are breathtaking. It would enable Congress to abrogate any constitutional right by Faustian bargain: assert a statutory right, relinquish your constitutional protections. That respondents must go to such lengths to excuse Congress's arrogation of the Judicial power in this case only confirms that they cannot.

Certainly not under the existing contours of the public-rights doctrine. This is not a case where the government is a party and its sovereign immunity is at issue—it is a dispute between individuals, and no amount of legerdemain can make it otherwise. This is not a case involving matters historically adjudicated wholly outside the judicial branch—it involves issues that by the Founding were exclusively determined by

courts. Pet. Br. 24-25. The Privy Council—on which respondents rely near-exclusively—revoked its last invention patent in 1779. By contrast, English litigants challenged a patent's validity in patent-infringement actions *far* more frequently long before and after 1779, and by the Founding, a writ of *scire facias* was the exclusive method for formally revoking a patent. Br. for H. T. Gómez-Arostegui and S. Bottomley as *Amici Curiae* ("Legal Historians") 35; H. Tomás Gómez-Arostegui & Sean Bottomley, LEWIS & CLARK LAW SCHOOL, *Privy Council and Scire Facias 1700-1883: An Addendum to the Brief for H. Tomás Gómez-Arostegui and Sean Bottomley as* Amici Curiae 6-7 (2017) ("Addendum").[1]

Nor is this a case the resolution of which by an expert agency is "essential to a limited regulatory objective," linked to "particular federal government action." *Stern*, 564 U.S. at 490-91. "Issuing valid patents" is a laudable objective, but hardly a limited one. IPR cannot be "essential" to that objective, as it never occurs for the overwhelming majority of issued patents and is entirely subject to third-party decisions to seek it in the first place. And claims of agency expertise ring hollow here, where the justification for IPR is correcting errors made by the agency itself—and where the agency remains free "to conduct appropriate error-correction proceedings through reissue or *ex parte* reexaminations." See Br. of 3M Co. as *Amici Curiae* 14.

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[1] Available at https://ssrn.com/abstract=3054989.

For that reason, among others, respondents' and their *amici*'s dire predictions are vastly overblown. See *ibid.* Of course, even if "a given law or procedure is efficient, convenient, and useful in facilitating functions of government," that "will not save it if it is contrary to the Constitution." *Stern*, 564 U.S. at 501. And there are any number of ways Congress can authorize the PTO to pursue the laudable goals of issuing valid patents and correcting errors, but it must do so within Article III's limits, which IPR transgresses.

I. *Inter Partes* Review Violates Article III.

As petitioner explained in its merits brief (at 20-39), IPR violates Article III by permitting the Executive to exercise the Judicial power over "matter[s] which, from [their] nature, [were] the subject of a suit at the common law." *Stern*, 564 U.S. at 484. Here, the PTAB adjudicated whether petitioner's patent claimed a novel invention—*precisely* the question resolved by juries in both patent-infringement cases and applications for writs of *scire facias*. Br. of Legal Historians 5-7, 28-33. This is not a modern-day analogue of English law; it is the *same question*. And the Executive undoubtedly adjudicates these disputes between individuals in "trials" resulting in final "judgments"—without Article III's protections, without the individuals' consent, and without Article III supervision. Respondents' contrary arguments only confirm the breathtaking expansion—if not overruling—of this Court's precedent

that would be needed to excuse this arrogation of Article III power.

A. *Inter Partes* Review Adjudicates Disputes Between Individuals Over Private Rights.

1. The Judicial power is the power to "hear and determine a cause," *United States* v. *O'Grady*, 22 Wall. 641, 647 (1874), culminating in a "dispositive judgment[]" that resolves a question between adverse litigants. *Plaut* v. *Spendthrift Farm*, 514 U.S. 211, 219 (1995). IPR begins with a "petition" filed by a private party raising patent-validity questions historically adjudicated by courts; proceeds through "discovery," 35 U.S.C. § 316; is determined through a "litigation-like," Greene's BIO 20, trial before "judges," 35 U.S.C. § 6; and ends in a "judgment," Office Patent Trial Practice Guide, 77 Fed. Reg. 48,756, 48,766-48,767 (Aug. 14, 2012), which, unless appealed to the Federal Circuit, is final and enforceable. 35 U.S.C. §§ 141(c), 319. IPR thus involves the Executive's exercise of the Judicial power to *adjudicate* disputes—i.e., to "hear and determine a cause" by rendering a "dispositive judgment."

Greene's—but not the government, which agrees that IPR involves "trial-type procedures," e.g., at 11—disputes (at 36) that IPR is an adjudication. But Greene's already acknowledged in its BIO (at 10, 20) that IPR is a "litigation-like" proceeding "in which agencies may *adjudicate* 'public rights' claims *between two private parties*" (emphases added). Greene's cannot

disavow that argument now by portraying IPR (at 35) as something it is not—a dispute between the *government* and the patent-holder.

In a similar vein, the government contends (at 25) that "the Board's role" in IPR "is to protect the public interest" and "not to determine the respective rights of the patentee and challenger"—but again, this argument depends on making IPR into something it is not. Like an application for a writ of *scire facias* in England, the PTO does not initiate IPR—only private parties do. See generally 37 C.F.R. § 42.101. IPR "shall be terminated with respect to any petitioner upon [settlement], unless the Office has decided the merits of the proceeding before the request for termination is filed." 35 U.S.C. § 317(a). And a ruling against the patent challenger has estoppel effects on ongoing infringement litigation, while a ruling against the patent-holder defeats its infringement claims and precludes the assertion of the invalidated patent in the future. 35 U.S.C. §§ 315(e), 318(b).[2]

The government argues (at 18, 24, 36) this is evidence that IPR uniquely resolves a patent-holder's

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[2] In *Cuozzo Speed Technologies* v. *Lee*, 136 S. Ct. 2131 (2016), this Court rejected the argument that Congress intended IPR to be an exact replica of district court litigation (and thus rejected the argument that Congress implicitly foreclosed the agency from exercising its statutory authority to make rules regarding IPR that differ from district court litigation). *Id.* at 2143-44. Nothing in *Cuozzo* speaks to the issues here, much less decides them. A tribunal need not be exactly like an Article III court to be exercising the judicial power. And in all events no Article III (or Seventh Amendment) challenge was before the Court in that case.

"rights * * * against the world," and not against a particular infringer as a court action might. That is plainly mistaken. First, IPR conclusively resolves issues between the parties. If a patent-holder prevails, the challenger is estopped from asserting any arguments that could have been raised in the proceeding. If the challenger prevails, the patent-holder's patent is extinguished, and any infringement claims accompanying it—as they do 80 percent of the time—are simply rendered moot. Pedram Sameni, PATEXIA CHART 44: EIGHTY PERCENT OF IPR FILINGS ARE FOR DEFENSIVE PURPOSES, PATEXIA (Nov. 8, 2017)[1]; Order at 3, *Leak Surveys, Inc.* v. *Flir Sys., Inc.*, No. 3:13-cv-02897-M (N.D. Tex. Nov. 13, 2017), ECF No. 141.

Contrary to the government's suggestion (at 31-32), patent-validity and patent-infringement disputes have typically settled both "rights against the world" and rights between the individual litigants. Historically in England, once a patent-holder lost a patent-validity challenge, he was *de facto* unable to enforce his patents in future infringement litigation against non-parties—thereby settling the patent-holder's rights against the world. Br. of Legal Historians 25-26. Yet these cases had to be adjudicated in courts. *Id.* at 6. And a writ of *scire facias* formally revoked an invention patent just as an IPR does, yet disputed fact questions in *scire facias*, including whether the patented invention was novel, were *always* tried in courts, to juries. That these proceedings settled a patent-holder's

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[1] Available at https://www.patexia.com/feed/patexia-chart-44-80-percent-of-ipr-filings-are-for-defensive-purposes-20171107.

rights against the world did not remove their adjudication from either English courts or English juries.[4]

As the government correctly points out (at 25), an individual without constitutional standing may petition for IPR. But this only underscores the absence of meaningful Article III supervision, because such a petitioner lacks standing to pursue an appeal in the Federal Circuit. *Phigenix, Inc.* v. *Immunogen, Inc.*, 845 F.3d 1168, 1176 (Fed. Cir. 2017). And as a practical matter, the fact that individuals without Article III standing can initiate IPR has led to abuses that Article III was designed to prevent. Br. of 3M Co. 27-29.

2. IPR adjudicates disputes not only between individuals, but also over "the private rights of individuals." *Cammeyer* v. *Newton*, 94 U.S. 225, 235 (1876). Patents are, and have "long been considered[,] a species of property." *Fla. Prepaid*, 527 U.S. at 642. "A patent for an invention is as much property as a patent for land." *Consol. Fruit-Jar Co.* v. *Wright*, 94 U.S. 92, 96 (1876); see also Br. of 27 Law Professors as *Amici Curiae* 1; Br. of Cato Institute as *Amicus Curiae* 3. Invasions of those rights have been historically treated as a form of trespass, both in England and by this Court. Br. of Legal Historians 9, 25 n.77; see also *Aro Mfg. Co.* v. *Convertible Top Replacement Co.*, 377 U.S. 476, 501 (1964). Patent-validity disputes—which contest the boundaries of that property, *ibid.*—thus

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[4] The government's argument is also strange because federal courts routinely adjudicate rights against the world—*in rem* rights. E.g., *United States* v. *12 200-Ft. Reels of Super 8mm Film*, 413 U.S. 123 (1973).

concern "'private rights' * * * 'belonging to individuals, considered as individuals,'" i.e., patent owners. *Spokeo, Inc.* v. *Robins*, 136 S. Ct. 1540, 1551 (2016) (quoting 3 WILLIAM BLACKSTONE, COMMENTARIES ON THE LAWS OF ENGLAND 2 (1768)). An IPR resolves these boundary disputes either by precluding a challenger from asserting several defenses to his trespass, or otherwise by stating that the patent-holder never held title in the first place. Article III requires that disputes between individuals over these private rights must be adjudicated by federal courts.

Resisting this conclusion, respondents argue that because "patent rights emanate solely from federal statute," Congress may "establish[] both substantive and procedural limits on the access to and exercise of those rights."[5] Greene's Br. 12; see Gov't Br. 50-51. But that cannot be right. For one thing, it proves too much—"it means that whenever Congress creates any statutory rights, it can oust Article III courts of their jurisdiction." Richard Epstein, *The Supreme Court Tackles Patent Reform*, 18 FED. SOC. R. 70, 72 (2017). For another thing, it cannot be squared with

[5] Respondents' confusion may arise from the dual meaning of the term "the common law," which can refer to either (1) the general body of judge-made law, or (2) the common-law tradition in general. Respondents appear to think that this Court meant the former when it said that Congress may assign the adjudication of rights "unknown to the common law" to non-Article III tribunals. *Atlas Roofing Co.* v. *Occupational Safety & Health Review Comm'n*, 430 U.S. 442, 453 (1977). But it meant the latter. Otherwise this Court could not have held that Article III assigns adjudicatory power over "matters of common law and statute as well as constitutional law" to the Article III courts. *Stern*, 564 U.S. at 484.

Granfinanciera, which held that litigants pressing federal fraudulent conveyance rights—which also arose by *statute*—were entitled to both Article III courts and Seventh Amendment juries. 492 U.S. at 53-55 ("If a *statutory* right" does not qualify for a public-rights exception, "then it *must* be adjudicated by an Article III court." (emphases added)). For respondents to be right, *Granfinancieria* would have to be wrong.[6]

Respondents invoke the Patent Clause, Art. I, § 8, cl. 8, to assert that the Clause grants Congress "plenary power" over patents, including where private disputes over patents must be litigated. See Greene's Br. 7, 12; Gov't Br. 19, 36. But this is just their statutory argument at another remove. Congress must have an Article I, Section 8 power to create *any* statutory right. And the Constitution limits how Congress may channel or restrict litigants' private rights. *Granfinanciera*, 492 U.S. at 53; *Curtis* v. *Loether*, 415 U.S. 189, 193 (1974); *Koontz* v. *St. Johns River Water Mgmt. Dist.*, 133 S. Ct. 2586, 2594-96 (2013) (unconstitutional conditions). After all, Congress has the "permissive power," Greene's Br. 12, to coin money, Art. I, § 8, cl. 5—but no one would argue that Congress could withdraw all private-party disputes over the true ownership of federal currency to a political tribunal in the Treasury. Similarly, Congress has the power "[t]o constitute Tribunals inferior to the supreme Court," Art. I, § 8, cl. 9,

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[6] See also Br. of Pharmaceutical Research and Manufacturers of America (PhRMA) as *Amicus Curiae* 18 (noting that mining patents have "their origins in government action, * * * subject to statutory requirements as a precondition to their issuance," yet that "makes no difference" to their status as private property).

but no one would argue that Congress could condition their use on a waiver of litigants' Due Process rights—say, by requiring litigants to try actions before tribunals that re-try cases until an Executive officer approves of the result.

Nor did petitioner, in applying for its patent "subject to" the other provisions of Title 35, impliedly agree to any condition the government later decided to place on it. See Greene's Br. 38; Gov't Br. 41-42. First, not even *inter partes* reexamination—let alone IPR—existed when the patent application here was filed. Second, respondents' reliance on "working clauses" and similar conditions placed on issued patents is misplaced. Respondents' own sources disclose that working clauses "became obsolete" long before the Founding. D. Seaborne Davies, *The Early History of the Patent Specification*, 50 L. Q. REV. 86, 102-03 (1934).[7]

In sum, both precedent and history confirm that patents are property, and as such implicate private rights. Moreover, as this Court explained in *Atlas Roofing*, many cases, such as "private tort, contract, and property cases, *as well as a vast range of other cases*," are "not at all implicated" by the public-rights doctrine. 430 U.S. at 458 (emphasis added). This is

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[7] Respondents' resort to early American practice fares no better. As one of respondents' sources explains, "none of the federal patent acts ever included a working requirement, except for a short-lived provision enacted in 1832." Herbert Hovenkamp, *The Emergence of Classical American Patent Law*, 58 ARIZ. L. REV. 263, 284 (2016) (cited in Gov't Br. 41). Respondents do not cite any patent revoked under it.

one of those cases. To the extent there could be any doubt, this Court's precedents require it to be resolved in Article III's favor. *Stern*, 564 U.S. at 499.

3. Respondents mischaracterize petitioner's position when they claim that petitioner's "arguments logically imply" that other PTO proceedings are constitutionally defective because they, too, can result in cancelling a patent. Gov't Br. 23-24. IPR is not constitutionally objectionable simply because it results in cancelling a patent. It is objectionable because—unlike the other proceedings referenced by the government—it violates Article III by adjudicating disputes between private parties without the parties' consent or Article III supervision.

First, unlike IPR, *ex parte* reexaminations may be initiated by the PTO itself. Even when initiated by third parties, they participate no further. 35 U.S.C. § 305. An *ex parte* reexamination cannot be withdrawn or settled, there is no discovery, and the PTO pursues the reexamination until it confirms or cancels the patent. *Ibid.* As the government acknowledged in another case, these "examination-based proceedings" "are the daily work of the agency," and not "genuinely trial-like, adjudicative procedures." *Abbott Labs.* v. *Cordis Corp.*, 710 F.3d 1318, 1322 (Fed. Cir. 2013) (quoting government brief).

Second, while petitioner has not "conceded" that *inter partes* reexamination is constitutional, as respondents claim, there is no question that the proceeding—which the America Invents Act eliminated, AIA, 125 Stat. 284, 299 (2011)—presents a much closer case.

As the AIA's House Report indicates, "Congress intended *inter partes* review to 'convert[] inter partes reexamination from an examinational to an adjudicative proceeding.'" Br. of PhRMA 28 (quoting H.R. REP. NO. 112-98, at 46 (2011)). It should come as no surprise that such a conversion carried IPR over the Article III line where reexaminations did not. In *inter partes* reexaminations, the challenger's role remained limited; the PTO expressly discouraged "litigation tactics"; parties could not conduct discovery; there was no "trial"; and the reexamination followed the amendment-and-response procedure of initial prosecution. MANUAL OF PATENT EXAMINING PROCEDURE § 2609 (9th ed. 2015). These differences suggest that *inter partes* reexamination did not involve the hearing of a cause through adjudication—where that is precisely what IPR does.

B. Neither The Public Rights Doctrine Nor Any Other Exception Can Excuse The Article III Violation Here.

1. This Court has recognized only narrow exceptions to the rule that Congress may not authorize non-Article III tribunals to exercise the Judicial power by adjudicating disputes between individuals. See Pet. Br. 20-22, 41-47. One of those narrow exceptions involves disputes over public rights. But "'even with respect to matters that *arguably* fall within the scope of the "public rights" doctrine, the presumption is in favor of Art. III courts.'" *Stern*, 564 U.S. at 499 (emphasis added). Respondents cannot overcome the presumption in favor of Article III, and their attempts to

wedge IPR into the narrow public-rights exception only confirms that it does not fit.

a. *Claims By Or Against The Government.* Respondents liberally cite these paradigmatic public rights cases, e.g., *Murray's Lessee* v. *Hoboken Land & Improvement Co.*, 18 How. 272, 274-75 (1855), but in every case—like most modern-day agency enforcement adjudications—the government was a party. IPR adjudicates disputes between private parties and does not at all implicate the government's sovereign immunity—the origin of the exception. *Id.* at 274-75. Indeed, the AIA does not authorize the PTO to bring an IPR. 35 U.S.C. § 311(a).

b. *Claims Historically Resolved Exclusively By Another Branch.* The government concedes, as it must, that "challenges to the validity of issued patents were often brought in judicial forums." Gov't Br. 46; see also 3 WILLIAM BLACKSTONE, COMMENTARIES 260-61; Br. of Legal Historians 5-37; Addendum 23-31. That concession is fatal because the exception applies only to claims "historically * * * determined *exclusively* by" another branch. *Stern*, 564 U.S. at 485 (emphasis added).

The government nonetheless argues (at 46) that the "authority of the Crown and Privy Council to cancel patents" renders them public rights. Not so. First, this Court has repudiated that theory's most significant implication, instead holding that an Executive patent revocation "would be in fact an invasion of the judicial branch of the government by the executive." *McCormick Harvesting Mach. Co.* v. *Aultman & Co.*, 169 U.S. 606, 612 (1898). Second, the Privy Council

ceased revoking invention patents in ordinary cases—such as those involving a patent's novelty—in 1746. Addendum 6. By 1753, the Council no longer ruled on these ordinary applications, and it revoked its final patent of any kind in 1779. *Ibid.*; see also Br. of Legal Historians 35-36 (pointing out that by 1782, several English Attorneys General had made clear that patent-validity cases had to be tried before courts of law). The 1810 petition to the Privy Council to revoke William Parr's patent—on which some of respondents' *amici* rely heavily—proves *petitioner*'s point. The Attorney General and Solicitor General responded to that application—the last of its kind—with directions that the proper method for seeking to revoke Parr's patent was *scire facias* in courts at law. Addendum 19-21. No action was taken on the application. Thus, the Privy Council was not available for challenging a patent's novelty for at least a decade before the Founding. Third, the government's concession that patent-validity challenges were "often brought in judicial forums" forecloses this exception, which requires exclusivity—not availability. See *Stern*, 564 U.S. at 485.

c. *Claims Whose Adjudication Is Essential To An Expert Agency's Resolution Of A Limited Regulatory Objective, Tied To A "Particular Government Action."* Respondents' primary public-rights argument is that IPR is "essential" to the "limited regulatory objective" of issuing valid patents, and is tied to the "particular * * * government action" of issuing those patents. Greene's Br. 32-34; Gov't Br. 16-17. But respondents misapprehend this narrow exception at each step.

First, while "issuing valid patents" or "correcting errors" are laudable objectives, they are hardly limited. In *Thomas* v. *Union Carbide Agricultural Products Co.*, this Court permitted a private arbitrator to resolve disputes regarding the amount of appropriate compensation for follow-on pesticide registrants under FIFRA. 473 U.S. 568, 584-85 (1985). FIFRA required initial pesticide registrants to disclose proprietary information that would not have been historically protected after its disclosure and entitled them to compensation from follow-on registrants who relied on the disclosure. *Id.* at 584. Administering a compensation regime for follow-on pesticide registrants is a limited regulatory objective; administering the patent laws is not.

Second, IPR is not "essential" to that objective. See Greene's Br. 32-34; Gov't Br. 16-17. In *Commodity Futures Trading Commission* v. *Schor*, "[w]hen Congress authorized the CFTC to adjudicate" state-law counterclaims, it did so because "absent the CFTC's exercise of that authority, the purposes of the reparations procedure" created by federal law "would have been confounded." 478 U.S. 833, 855-56 (1986). The objective of administering the patent laws or issuing valid patents would hardly be "confounded" without IPR. The PTO plays no role in the decision to file an IPR petition and defers to the parties' desire to terminate IPR (as long as a decision has not yet issued). 35 U.S.C. § 317; see also Office Patent Trial Practice Guide, 77 Fed. Reg. at

48,768. Nearly 40 percent of IPRs settle. PTAB Statistics, USPTO (Oct. 2017).[8]

Moreover, this broad goal can be accomplished without IPR; it has been for 200 years. Courts and juries have performed this task since the Founding, and the PTO retains numerous mechanisms for correcting mistakes, including reexamination, interference, and reissue proceedings. That respondents and *amici* would prefer to transfer Article III adjudications away from courts and Seventh Amendment juries is insufficient to set aside the separation of powers by transferring the Judiciary's power to the Executive.

All of this further confirms that IPR is not essential to administering the patent system, but exists to adjudicate a specific dispute between private parties about their respective rights to use the patented invention.[9] IPR is not essential to the limited regulatory objective of an agency—it is a substitute for the adjudication of disputes by Article III courts.

Third, respondents' argument about the need for agency expertise is hopelessly contradictory. It may well be that the PTO enjoys subject-matter expertise over legal questions adjudicated by courts for hundreds

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[8] Available at https://www.uspto.gov/sites/default/files/documents/trial_statistics_oct2017.pdf.

[9] Greene's notes (at 8 n.3) that from 2012 to 2015, the PTO issued 1,130,075 patents. Only 1,867 petitions requesting IPR were instituted during that period. See PTAB Statistics, *supra*. Those numbers further confirm that IPR cannot be "essential" to "issuing patents."

of years. Greene's Br. 35. And it could be the case that the PTO makes such frequent, significant errors as to require their speedy resolution. *Id.* at 8. But it is odd to argue that the agency makes so many mistakes in issuing patents that its special expertise is needed to resolve disputes over those errors.

In sum, respondents cannot fit IPR into the narrow public-rights exception to the general rule that "Congress may not confer power to decide federal cases and controversies upon judges who do not comply with the structural safeguards of Article III." *Wellness*, 135 S. Ct. at 1951 (Roberts, C.J., dissenting).

2. This Court has rarely permitted adjudications by non-Article III tribunals where (i) the parties have consented to the arrangement (and the Article III violation does not implicate the structural separation of powers); and (ii) the tribunals are subject to Article III supervision. *Id.* at 1944-45; *Schor*, 478 U.S. at 848-51. Neither of those conditions is satisfied here.

First, consent is lacking because IPR was instituted over petitioner's objections. Greene's maintains (at 38-39) that petitioner "consent[ed]" by applying for the patent—but that was over a decade before IPR (and even before *inter partes* reexamination, which it replaced) even existed. That cannot be the knowing, voluntary, and contemporaneous consent this Court has required. *Wellness*, 135 S. Ct. at 1948-49. And delegating these disputes to a non-Article III tribunal implicates structural concerns that consent cannot cure, because it is withdrawing a significant number of

patent disputes from the federal courts and placing them in an Executive agency. Such a removal "impermissibly threate[ns] the institutional integrity of the Judicial Branch." *Id.* at 1944.[10]

Second, there is no Article III supervision over the PTAB, as was critical in *Schor*, 478 U.S. at 853. The PTAB is not a fact-finding adjunct of a district court, as in *Crowell* v. *Benson*, 285 U.S. 22, 49-51 (1932), where the agency's orders could only be enforced through a federal district court, *id.* at 44-45, 48—a critical distinction the government omits in its summary (at 32-33). If a patent-holder loses in IPR, her patent is gone. If a challenger loses, she is estopped from raising in district court anything she could have raised in the IPR. While this Court has sometimes approved adjuncts of district courts, IPR makes district courts adjuncts of the PTAB. And this Court has made clear that a right to appeal a judgment to the Court of Appeals is not Article III "supervision" for purposes of allaying separation-of-powers concerns.

II. *Inter Partes* Review Violates The Seventh Amendment.

In its merits brief (at 50-58), petitioner demonstrated that the Seventh Amendment preserves the

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[10] The government asserts that Congress did not "withdraw" cases from the federal courts—it merely shared them concurrently with the Executive. This is no more permissible than the Judiciary sharing in the President's veto. *United States* v. *Nixon*, 418 U.S. 683, 704 (1974). And IPR often withdraws lawsuits from district courts, as it did here.

historical resolution of patent-validity questions by juries in actions at law for patent-holders today. Respondents say little about the Seventh Amendment—contending that the "English tradition supports that no legal right is at issue" here, Greene's Br. 50-51, but not citing a single English case. That is because they cannot.

Numerous English cases adjudicated patent-infringement and patent-revocation disputes at law (not in equity). See generally Br. of Legal Historians 14-24. The English Statute of Monopolies declared that patent-validity cases must be adjudicated at common law. 21 Jac. 1, c. 3, § 2. Blackstone and Coke thought it clear that patent-validity cases had to be brought in courts at common law. 3 WILLIAM BLACKSTONE, COMMENTARIES 47-48; Edward Coke, THIRD PART OF THE INSTITUTES OF THE LAWS OF ENGLAND 182-83 (London, W. Clarke, & Sons, 1809) (1644). Coke observed that the Statute of Monopolies *deliberately* excluded courts of equity as a venue. Coke, *supra*, at 182-83. Respondents do not acknowledge these sources, much less engage with them in any meaningful way.

Greene's asserts (at 51-52) that "[j]uries most certainly did not * * * decide 'patentability' questions in the modern sense"—but juries in common-law courts frequently resolved fact disputes over who invented a patentable matter first; whether a patent's subject was novel; whether a patent had been infringed; and so on. Pet. Br. 23-24. Juries *conclusively* decided these issues—as well as the ultimate issue of patent validity; they did not merely issue advisory opinions. Br. of

Legal Historians 20-24 (relying on original sources to demonstrate that judges' control of juries was "no different in patent cases than in other cases at common law").

Greene's relies heavily on a law review article to argue that the issues adjudicated by IPR were traditionally heard in equity. Greene's Br. 53 (citing Mark A. Lemley, *Why Do Juries Decide If Patents Are Valid?*, 99 VA. L. REV. 1677 (2013)). While it is true that the Court of Chancery sometimes heard patent-validity and patent-infringement suits, they were *always* heard on that court's law side, and Chancery *always* transferred these cases to the King's Bench for jury trials on disputed facts. Br. of Legal Historians 26-33; 3 WILLIAM BLACKSTONE, COMMENTARIES 48. Chancery thus "sat as a law court" in revocation proceedings. Br. of Legal Historians 26. Greene's also contends (at 51) that there was "no analogous action to reexamine the initial patentability determination"—but that is precisely what a writ of *scire facias* was. If granted, the writ—treated as an action and remedy at law, not in equity, contrary to the government's argument (at 52-53)—cancelled the patent. Br. of Legal Historians 28-30; 3 WILLIAM BLACKSTONE, COMMENTARIES 47, 260-61.

Greene's tries to blunt the force of the historical record by arguing (at 52) that various differences in how patents now issue (such as the inclusion of claims) "diminish the relevance of then-existing English practice, rendering the historical comparison inapt." But those differences are immaterial to the Seventh Amendment issue. English historical practice

is clear: disputed facts in patent-infringement and patent-revocation actions were resolved by juries, at law. Patent-holders (and challengers) therefore enjoy the right to a jury trial on those same questions today.

III. The Policy Concerns Of Respondents And Their *Amici* Are Misplaced.

According to respondents and their *amici*, IPR encourages innovation, lowers litigation costs, and increases efficiency—and they predict dire consequences if this Court invalidates it. E.g., Greene's Br. 32-33. Of course, even if "a given law or procedure is efficient, convenient, and useful in facilitating functions of government," that "will not save it if it is contrary to the Constitution." *Stern*, 564 U.S. at 501. The consequences of invalidating IPR are not nearly as significant as respondents and their *amici* maintain—and there are any number of ways Congress can act within constitutional bounds to leverage the agency's experience while pursuing efficiency and lower litigation costs.

First, invalidating IPR need not disturb the remainder of the AIA, nor impair the PTO's ability to engage in error-correction through constitutionally permissible administrative proceedings. See Br. of 3M Co. 14-17. This Court's judgment would only directly affect the narrow class of patents currently undergoing IPR or on appeal; those that had been finally adjudicated would stay that way. *Id.* at 14.

Second, invalidating IPR would give Congress another opportunity to improve a system that has "invited duplicative litigation in two directions: parallel litigation across different forums, and serial litigation before the agency itself." *Id.* at 24. At present, patent challengers have recourse to an Executive tribunal where they can—and often do—file serial actions that force "patent owners to repeatedly defend the same claims, in competing forums with different rules." *Ibid.* IPR "invites strategic behavior whereby patent challengers manipulate the timing of IPR to give them a second bite at the apple if they are unsuccessful on patent invalidity defenses in federal court." *Id.* at 26. Far from increasing litigation costs, invalidating IPR may well *reduce* litigation costs by eliminating wasteful successive actions.

As could a variety of other methods for increasing patent quality and decreasing the number of questionable patents, such as removing the presumption of validity, transferring PTAB judges to Article III courts to serve as expert patent magistrates, tightening the standard for a patent's initial issuance, or expanding third parties' existing ability to submit relevant prior art to the PTO during pre-issuance prosecution. Any of these—along with a variety of other possibilities—might aid Congress's laudable mission without transgressing Article III or Seventh Amendment bounds. Petitioner is not challenging what Congress seeks to do, but how Congress sought to do it. The exercise of

the Judicial power must remain the province of Article III courts, even when Congress's goals are laudable.[11]

CONCLUSION

The judgment of the court of appeals should be reversed.

Respectfully submitted,

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[11] One *amicus* suggests that this Court need only determine whether IPR passes constitutional muster as to patents issued before the AIA's passage in 2011. Br. of Intellectual Property Law Association of Chicago as *Amicus Curiae* 6-9. While petitioner believes that IPR violates Article III (and the Seventh Amendment) for both classes of patents, *amicus*'s approach, if adopted, would still require reversal given that petitioner's patent issued in 2001.